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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/828,497	04/21/2004	Marcel Naas	741439-13	4289

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EXAMINER	
MERCHANT, SHAHID R	
ART UNIT	PAPER NUMBER
3694	

MAIL DATE	DELIVERY MODE
10/23/2009	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/828,497	NAAS ET AL.	
	Examiner	Art Unit	
	SHAHID R. MERCHANT	3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *27 August 2009*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-73* is/are pending in the application.

4a) Of the above claim(s) *33-73* is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,3-6,8-11,13-17,19-22,24-27 and 29-32* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Status of the Claims

1. This action is in response to the amendment filed on August 27, 2009.

- Claims 1-73 are pending.
- Claims 2, 7, 12, 18, 23, 28, 39 and 59 have been cancelled.
- Claims 33-38, 40-58 and 60-73 have been withdrawn.
- Claims 1, 3, 5, 9, 13 and 15-17 have been amended.

Response to Arguments

2. Applicant's arguments filed August 27, 2009 have been fully considered but they are not persuasive. Applicant argues on page 15 that Bollen does not provide sufficient teachings or disclosure that would overcome Eurex's deficiencies. Further, it appears that Applicant is arguing that Bollen can not be used as a reference because it is nonanalogous art. The difference being that Applicant's invention deals with a bilateral agreement between two parties while Bollen discloses a Tri-party agreement with the same two parties as in Applicant's invention and an additional third party agent.

3. In response to applicant's argument above that Bollen is nonanalogous art, it has been held that a prior art reference must either be in the field of Applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. See *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). In this case, a Tri-party Repo is in the field of Applicant's endeavor which is repurchase

agreements. It is old and well known for repurchase agreements to be directly between two parties or as Bollen discloses between two parties plus an additional third party agent. The structure of Applicant's invention is disclosed by Eurex (see PTO-892, Refs. U, V, X and Y). Examiner uses Bollen to teach the specific limitation of defining a synthetic security, said security basket definition not indicating specific securities. Applicant defines on page 11 of original disclosure that a "synthetic security is developed to define a generic (collateral) basket. The synthetic security represents a defined security quality or class of securities." Bollen teaches on page 3:

"Tri-party provides the backbone to a good deal of collateral management activity," says James Tomkinson, director of repo products at ⓘNomura in London. "It sits in the middle of the treasury function, whether you're looking to give or receive cash. There are a lot of advantages to it, one of the biggest of which is that you don't have to create your own collateral management system, which is difficult and expensive to do. Tri-party repo enables you to move a large bulk of collateral around without huge in-house infrastructure costs. You don't even have to issue specific instructions; thanks to their auto-select capabilities, Euroclear and Clearstream will select the securities to collateralize any borrowing, using smaller pieces of spare collateral that would otherwise lie unused. That's a clear and obvious advantage to us, although it does in turn create one inefficiency in that we don't know which securities are being used. We don't find out until the next day what our positions are. That is something of an ordeal. It is very difficult to allocate costs when you find out only retrospectively what collateral is being allocated to whom.".

One skilled in the art would know that when various securities are selected without indicating specific securities to collateralize borrowing, one in essence has created a synthetic security as defined by Applicant. Bollen does not use the term synthetic security, but according to Applicant's definition, Bollen has created a synthetic security by selecting various securities for collateralization without indicating specific securities. Examiner notes that a clearing system and trading system are disclosed in Eurex (see PTO-892, Refs. U, V, X and Y).

4. Applicant's arguments filed August 27, 2009 have been fully considered but they are not persuasive. Applicant argues on page 14 that claim 17 has been amended to overcome the 35 U.S.C. § 101 rejection. Examiner disagrees. Applicant has added the limitations "an electronic trading system", "a clearing system" and "a settlement system"

to claim 17. After close review, Examiner does not see any hardware or computer related apparatus mentioned in the newly amended claims. The claim has to be tied to a machine (computer). An "electronic trading system", "a clearing system" and "a settlement system" can be construed as software systems. Applicant is advised to specifically point out a computer or processor or similar apparatus performing the various steps of the method.

Claim Rejections - 35 USC § 101

5. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 17, 19-22, 24-27 and 29-31 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 17, 19-22, 24-27 and 29-31 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion *Ex parte* Langemyr.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

8. Claims 1, 3-6, 8-11, 13-17, 19-22, 24-27 and 29-32 rejected under 35 U.S.C. 103(a) as being unpatentable over Eurex, as evidenced by "The Benchmark in Electronic Repo Trading" (see PTO-892, Ref. U), "About Eurex, Corporate Profile" (see PTO-892, Ref. V), "Eurex Launches Swiss Equity-Repo Trading" (see PTO-892, Ref. W), "Eurex Clearing AG, Extension of Services" (see PTO-892, Ref. X), and "Eurex Handbook, Life of a Repo Trade" (see PTO-892, Ref. Y) in view of Tri-Party Repo Back in the Spotlight by Brian Bollen (see PTO-892, Ref. BB). Hereinafter Bollen.

9. As per claim 1, Eurex teaches a repo basket transaction system comprising:

a trading system connected to receive repo quotes from market participants, the repo quotes specifying a repo basket transaction and including a security basket definition indicating a security amount and at least one class of securities (see PTO-892, References U and W);

a clearing system connected to said trading system and wherein said clearing system configured to generate settlement instructions relating to repo basket transactions that correspond to the security basket definition, the settlement instructions being based on a negotiation of a repo transaction resulting from the repo quotes (see PTO-892, References U and X);

a settlement system connected to said clearing system to receive settlement instructions relating to repo basket transactions (see PTO-892, References U and X);

wherein said settlement system comprises a securities pooling and allocation unit adapted to allocate at least one specific security that meets the security basket definition, said settlement system also completing the repo transaction by posing the allocated specific security on sub-ledger securing and cash accounts (see PTO-892, Reference Y, pages 12-17).

Eurex does not explicitly teach defining a synthetic security, said security basket definition not indicating specific securities.

Bollen teaches defining a synthetic security, said security basket definition not indicating specific securities (see PTO-892, Ref. BB, page 3).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Eurex and Bollen to define a synthetic security that does not indicate specific securities because it allows one to "move a large bulk of collateral around without huge-in house infrastructure costs" as taught by Bollen (see PTO-892, Ref. BB, page 3).

10. As per claim 3, Eurex and Bollen teach the system of claim 1 as described above. Eurex further teaches wherein said securities pooling and allocation unit is further allocates said at least one specific security based on predefined rules (see PTO-892, Reference U, page 2 and Reference W).

11. As per claim 4, Eurex teaches the system of claim 3 as described above. Eurex further teaches wherein said predefined rules are standardized general settlement rules or market participant specific rules (see PTO-892, Reference U, page 2 and Reference X, pages 6-7).

12. As per claim 5, Eurex teaches the system of claim 3 as described above. Eurex further teaches wherein said settlement system further comprises a storage for storing data indicating said at least one specific security in association with data indicating said at least one class of securities, and said securities pooling and allocation unit further accesses said storage when allocating said at least one specific security based on said predefined rules (see PTO-892, Reference V). Eurex is a fully electronic exchange operating over a wide-area communications network (WAN). It is inherent in a fully electronic system like Eurex that a computer/computers which consist of processors and memories would be used to operate the system.

13. As per claim 6, Eurex teaches the system of claim 5 as described above. Eurex further teaches wherein said storage is arranged for storing said data in market participant specific memory regions, and said association is a market participant specific association (see PTO-892, Reference V). Eurex is a fully electronic exchange operating over a wide-area communications network (WAN). It is inherent in a fully electronic

system like Eurex that a computer/computers which consist of processors and memories would be used to operate the system.

14. As per claim 8, Eurex and Bollen teach the system of claim 1 as described above. Eurex further teaches wherein said clearing system is arranged for performing a trade margin calculation process based on a risk calculation based on said security basket definition (see PTO-892, Reference X, pages 7-8).

15. As per claim 9, Eurex teaches the system of claim 8 as described above. Eurex further teaches wherein said risk calculation process further accesses an individual average risk profile for each class of securities (see PTO-892, Reference X, pages 7-8).

16. As per claim 10, Eurex teaches the system of claim 8 as described above. Eurex further teaches wherein said clearing system is further arranged for sending repo confirmation messages to the trading system prior to said calculation (see PTO-892, Reference X, pages 7-8).

17. As per claim 11, Eurex and Bollen teach the system of claim 1 as described above. Eurex further teaches wherein said clearing system is arranged for determining whether the security basket amount exceeds a predefined threshold, and if so, generating plural settlement instructions each causing said settlement system to allocate amounts not exceeding said threshold (see PTO-892, Reference X, pages 7-8).

18. As per claim 13, Eurex and Bollen teach the system of claim 1 as described above. Eurex further teaches wherein said settlement system further creates a sub-ledger independent from general ledger accounts of the market participants and posts

the at least one allocated specific security in said sub-ledger (see PTO-892, Reference Y, pages 12-17).

19. As per claim 14, Eurex teaches the system of claim 13 as described above. Eurex further teaches comprising an earmarking unit for marking the at least one allocated specific security to be posted in said sub-ledger but not in said general ledger accounts (see PTO-892, Reference Y, pages 12-17).

20. As per claim 15, Eurex teaches the system of claim 14 as described above. Eurex further teaches wherein said earmarking unit first marks the at least one allocated specific security to be transferred from a first market participant's account to an account of a central counterpart, and then mark the at least one allocated specific security to be transferred from said account of a central counterpart to a second market participant's account (see PTO-892, Reference Y, pages 12-22).

21. As per claim 16, Eurex teaches a settlement system capable of being operated in a repo basket transaction system, connected to receive settlement instructions relating to repo basket transactions and to receive a security basket definition indicating at least one class of securities, comprising:

a securities pooling and allocation unit which, in response to settlement instructions, allocates at least one specific security that meets the security basket definition (see PTO-892, Ref. Y, pages 12-17, Ref. X, pages 3-4 and Ref. U).

Eurex does not explicitly teach defining a synthetic security, said security basket definition not indicating specific securities.

Bollen teaches defining a synthetic security, said security basket definition not indicating specific securities (see PTO-892, Ref. BB, page 3).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Eurex and Bollen to define a synthetic security that does not indicate specific securities because it allows one to "move a large bulk of collateral around without huge-in house infrastructure costs" as taught by Bollen (see PTO-892, Ref. BB, page 3).

22. Claim 17 recites similar limitations to claim 1 and thus rejected using the same art and rationale in the rejection of claim 1 as set forth above.

23. Claim 19 recites similar limitations to claim 3 and thus rejected using the same art and rationale in the rejection of claim 3 as set forth above.

24. Claim 20 recites similar limitations to claim 4 and thus rejected using the same art and rationale in the rejection of claim 4 as set forth above.

25. Claim 21 recites similar limitations to claim 5 and thus rejected using the same art and rationale in the rejection of claim 5 as set forth above.

26. Claim 22 recites similar limitations to claim 6 and thus rejected using the same art and rationale in the rejection of claim 6 as set forth above.

27. Claim 24 recites similar limitations to claim 8 and thus rejected using the same art and rationale in the rejection of claim 8 as set forth above.

28. Claim 25 recites similar limitations to claim 9 and thus rejected using the same art and rationale in the rejection of claim 9 as set forth above.

29. Claim 26 recites similar limitations to claim 10 and thus rejected using the same art and rationale in the rejection of claim 10 as set forth above.

30. Claim 27 recites similar limitations to claim 11 and thus rejected using the same art and rationale in the rejection of claim 11 as set forth above.

31. Claim 29 recites similar limitations to claim 13 and thus rejected using the same art and rationale in the rejection of claim 13 as set forth above.

32. Claim 30 recites similar limitations to claim 14 and thus rejected using the same art and rationale in the rejection of claim 14 as set forth above.

33. Claim 31 recites similar limitations to claim 15 and thus rejected using the same art and rationale in the rejection of claim 15 as set forth above.

34. Claim 32 recites similar limitations to claims 1 and 17 and thus rejected using the same art and rationale in the rejection of claims 1 and 17 as set forth above.

Conclusion

35. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SHAHID R. MERCHANT whose telephone number is (571)270-1360. The examiner can normally be reached on First Friday Off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Shahid R Merchant/
Examiner, Art Unit 3694

/James P Trammell/
Supervisory Patent Examiner, Art Unit 3694